

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 INT-05 SS-15 SP-02 L-03 NSC-05 AID-05

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FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 9358

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E.O. 11652: N/A

TAGS: ECON, EINV, BTIO, LI

SUBJECT: REQUEST FOR INFORMATION ON INVESTMENT CLIMATE - LIBERIA

REF: STATE 4065#

FOR AF/W SEGARS FROM PORTER

1. WHILE IT TRUE THAT LAMCO HAS DELAYED GIVING FIRM GO-AHEAD ON NEW MAJOR INVESTMENT AT TOKADEH, THIS PROBABLY DUE MORE TO DECISIONS BASED ON FINANCE FACTORS THAN ON TROUBLE WITH GOL. (WE UNDERSTAND ENGINEERING STUDIES NOW IN PROGRESS AND CONSTRUCTION DUE START NEXT YEAR.) IT ALSO TRUE THAT GOL HAS REQUESTED RE-NEGOTIATION OF WOLOGISI CONCESSION (REPORTEDLY AMAX/JAPANESE TEAM WILL ARRIVE WITHIN MONTH), BUT THAT ALSO WRAPPED UP IN COMPLEX INTERNAL POLITICAL SITUATION. NEW MINISTER LANDS AND MINES HOLMES MAY WELL TAKE TOUGHER POSITION IN NEGOTIATING NEW CONCESSIONS, BUT GOL STILL ACTIVELY SEEKING NEW INVESTMENTS. WE DON'T BELIEVE THAT GOL HAS REALLY FORMULATED NEW INVESTMENT/ CONCESSION POLICY, BUT TREND (PARTICULARLY WITH REGARD TO SPORADIC HARASSMENT OF EXISTING CONCESSIONAIRES) APPEARS TO BE MOVING TOWARD LESS FAVORABLE TERMS FOR THE FOREIGN INVESTOR. FACTORS TO CONSIDER HERE IN ADDITION TO CONCESSION RIGHTS PER LIMITED OFFICIAL USE

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SE WOULD BE QTE LIBERIANIZATION UNQTE, LABOR SITUATION AND

RELATED FACTORS.

2. COMMENT: ABOVE SIMPLE STATEMENT OF EMBASSY VIEW WHICH CAN BE PASSED ON TO HATKOFF. THIS ESSENTIALLY GIST OF INFORMATION GIVEN HIM ORALLY PRIOR HIS DEPARTURE FOR US. WHILE WE CANNOT JUDGE HIS MOTIVES FOR AGAIN SEEKING INFO HE ALREADY HAS, IT POSSIBLE HE WANTS TO USE INFO AS BASIS FOR CLAIM (TO SHOW POTENTIAL INVESTORS) THAT HE HAS CLOSE RELATIONSHIP WITH EMBASSY AND PROJECT HAS OUR SUPPORT AND APPROVAL. INDEED, HATKOFF WELL KNOWN TO EMBASSY, BUT NOT PARTICULARLY FAVORABLY. HE FREQUENT VISITOR, AND OFTEN EXPOUNDS AT LENGTH HIS VIEWS THAT QTE GOLD BOOM UNQTE IN OFFING FOR LIBERIA, AND THAT QTE SMART MONEY UNQTE (PRESUMABLY HIS OR WHOSEVER HE IS ABLE TO ATTRACT) IS GETTING IN ON GROUND FLOOR AND WILL MAKE QTE MILLIONS UNQTE. THUS FAR WE HAVE SEEN NO MANIFESTATIONS RE INVESTMENT CAPABILITY OF HATKOFF'S GROUP OTHER THAN HIS SIZABLE EGO. HOWEVER, THERE IS CURRENTLY INCREASED INTEREST IN GOLD MINING PROJECTS BY INVESTORS WHO DO HAVE WHEREWITHALL. EMBASSY RECOMMENDS DEPARTMENT BE HELPFUL, BUT MAINTAIN DEGREE OF SKEPTICISM IN DEALING WITH HATKOFF.

3. WE DO NOT CONSIDER (PERHAPS WRONGLY) THIS PARTICULAR SCHEME MOST LIKELY NEW MAJOR US INVESTMENT.
BEAN

NOTE BY OCT: #REFTEL APPARENTLY INCORRECT.

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